

AMENDED IN SENATE MAY 26, 2006

AMENDED IN SENATE MARCH 23, 2006

SENATE BILL

No. 1162

Introduced by Senator Cedillo

(Principal coauthor: Assembly Member Lieber)

(Coauthor: Senator Perata)

January 10, 2006

An act to add Section 1182.12 to the Labor Code, relating to the minimum wage, ~~making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 1162, as amended, Cedillo. Minimum wage increase.

Under existing law, by statute, the minimum wage for all industries shall be not less than \$5.75 per hour on and after March 1, 1998. Also under existing law, the Industrial Welfare Commission is authorized to set a higher minimum wage in accordance with a prescribed procedure that includes the selection of wage boards to consider and make recommendations regarding wage issues. The current minimum wage for all industries, as established by the commission, is \$6.75 per hour on and after January 1, 2002.

This bill would increase the minimum wage to \$7.25 per hour, effective on and after ~~60 days after its enactment~~ *July 1, 2007*, and would further increase the minimum wage to \$7.75 per hour, effective on and after ~~July 1, 2007~~ *2008*. In addition, this bill would provide that the minimum wage shall be adjusted automatically every year thereafter on January 1, calculated by ~~an indexing method~~ *multiplying the minimum wage by the previous year's rate of inflation*, as specified.

~~This bill would appropriate \$2,000,000 from the General Fund in the 2005-06 fiscal year to pay for minimum wage increases in state agencies affected by the increase.~~

~~This bill would declare that it is to take effect immediately as an urgency statute.~~

Vote: $\frac{2}{3}$ majority. Appropriation: ~~yes~~ no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1182.12 is added to the Labor Code, to
2 read:

3 1182.12. (a) Notwithstanding any other provision of this
4 part, ~~60 days after the enactment of this act on and after July 1,~~
5 2007, the minimum wage for all industries shall be not less than
6 seven dollars and twenty-five cents (\$7.25) per hour; *and on and*
7 *after July 1, 2007 2008, the minimum wage for all industries*
8 *shall be not less than seven dollars and seventy-five cents (\$7.75)*
9 *per hour.*

10 (b) (1) The minimum wage shall be adjusted automatically
11 each January 1, beginning January 1, ~~2008 2009, to maintain~~
12 *employee purchasing power, which would otherwise be*
13 *diminished by the rate of inflation that occurred during the*
14 *previous year.*

15 (2) The minimum wage shall be adjusted automatically by
16 multiplying the minimum wage in effect on the prior June 30 by
17 the percentage of inflation that occurred during the previous year,
18 adding this amount of increase to the wage from the previous
19 year, and rounding off the ~~product sum~~ to the nearest five cents
20 (\$0.05). The Industrial Welfare Commission shall publicize the
21 automatically adjusted minimum wage, but if it cannot, then the
22 Department of Industrial Relations shall do so.

23 (c) For purposes of subdivision (b), the following terms have
24 the following meanings:

25 (1) "Percentage of inflation" means the percentage of inflation
26 specified in the California Consumer Price Index for ~~all~~ *All*
27 *Urban Consumers*, as published by the Department of Industrial
28 *Relations, Division of Labor Statistics and Research, or its*
29 *successor index.*

1 (2) “Previous year” means the 12-month period that ended on
2 March 31 of the calendar year prior to the adjustment.

3 (d) This section shall not be construed to either preclude an
4 increase ~~in~~ *of* the minimum wage by the Industrial Welfare
5 Commission in an amount *that is* greater than the rate calculated
6 pursuant to subdivision (b); or *to* permit a reduction in the
7 minimum wage.

8 ~~SEC. 2. The sum of two million dollars (\$2,000,000) is~~
9 ~~hereby appropriated from the General Fund for expenditure in the~~
10 ~~2005-06 fiscal year in augmentation of Item 8860-001-0001 of~~
11 ~~Section 2.00 of the Budget Act of 2005 (Ch. 38, Stats. 2005), for~~
12 ~~support of the Department of Finance for Schedule (1) 10-Annual~~
13 ~~Financial Plan. These funds shall be allocated by the Director of~~
14 ~~Finance to fund a minimum wage increase from six dollars and~~
15 ~~seventy-five cents (\$6.75) to seven dollars and twenty-five cents~~
16 ~~(\$7.25) per hour for state agencies and programs affected by that~~
17 ~~wage increase, if the Director of Finance determines additional~~
18 ~~funding is needed. Any funds appropriated by this section that~~
19 ~~are not allocated by July 1, 2006, shall revert to the General~~
20 ~~Fund.~~

21 ~~SEC. 3. This act is an urgency statute necessary for the~~
22 ~~immediate preservation of the public peace, health, or safety~~
23 ~~within the meaning of Article IV of the Constitution and shall go~~
24 ~~into immediate effect. The facts constituting the necessity are:~~

25 ~~In order for California’s lowest paid workers to keep pace with~~
26 ~~the rapidly increasing cost of living, it is necessary that this act~~
27 ~~take effect immediately.~~